



GARY R. HERBERT
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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

September 2, 2015

CERTIFIED RETURN RECEIPT

7013 3020 0002 3659 6023

Roy Benson
Progressive Contracting Inc.
230 East Tabernacle
St. George, Utah 84770

Subject: Review of Reclamation Surety, Progressive Contracting, Dry Creek Mine, S/021/0041, Iron County, Utah

Dear Mr. Benson:

The last reclamation cost estimate for the Dry Creek mine was done in 2010 and escalated to 2015 dollars with a bond escalation date of August 21, 2015. The surety amount needs to be adjusted to account for changes in reclamation costs.

Based on average reclamation costs, the surety amount needs to be increased from \$25,200 to \$28,000 for a 3-year escalation or \$28,600 for a 5-year escalation. The average reclamation costs are outlined below:

<i>Small Mine Operation (1-5 acres) Bond Calculation Worksheet</i>			
<i>Dry Creek Mine S/21/0041</i>			
<i>3-year escalation (2018)</i>			
<u>Item</u>	<u>Qty</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1st Acre Disturbance	1	\$8,000.00	\$8,000.00
Add'l Acres Disturbance	4	\$5,000.00	\$20,000.00
TOTAL	5 Ac		\$28,000.00
<i>5-year escalation (2020)</i>			
<u>Item</u>	<u>Qty</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1st Acre Disturbance	1	\$8,200.00	\$8,200.00
Add'l Acres Disturbance	4	\$5,100.00	\$20,400.00
TOTAL	5 Ac		\$28,600.00

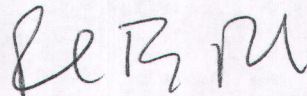


Roy Benson
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Please contact the bond coordinator, Penny Berry, at 801-538-5291 or by e mail at pennyberry@utah.gov for information about submitting the additional bond. Your current bond is in the form of a bond. Please submit a rider to the surety bond. Bonding forms are available on the Internet at <http://www.ogm.utah.gov/minerals/MINERALSFORMS.htm>. Please provide the additional surety no later than October 31, 2015.

Thank you for your help in keeping the surety current. Please contact the permit lead for this mine, Lynn Kunzler, at 801-538-5310 if you have questions concerning this requirement.

Sincerely,

A handwritten signature in dark ink, appearing to read 'PB Baker', is written over the typed name.

Paul B. Baker
Mining Program Manager

PBB:mbt:pb
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